

Quarterly market review and update

Navigating global headwinds and capitalising on *opportunities* in 2023



Macro

- ▶ IMF warned of a “tough” year ahead, expecting global gross domestic product (GDP) growth to slow from 3.4% in 2022 to 2.9% in 2023.
- ▶ US Fed hiked Fed Funds rate by another 125 basis points (bps), adding up to 425bps hike for full year 2022.
- ▶ US inflation appeared to have peaked, easing to 6.5% year-on-year (YoY) in December 2022.
- ▶ US Fed still adamant on higher interest rates in 2023, closer to a 5.1% terminal rate, likely with no reductions until 2024.
- ▶ China has reopened its borders on 8 January 2023.
- ▶ Most markets rallied in Q4 2022 on the back of “The Great Chinese Reopening” and possibility that central banks will be less keen to hike rates as inflation eases.
- ▶ Hong Kong’s Hang Seng Index was among the best performing index in the region for Q4 2022.



Malaysia

- ▶ Appointment of Datuk Seri Anwar Ibrahim as 10th Prime Minister of Malaysia, leading a newly formed Unity Government.
- ▶ Remarkable GDP print of +14.2% YoY for Q4 2022, thanks to robust domestic demand and resilient exports.
- ▶ Headline inflation cooled around 4.0% YoY in October and November 2022, signalling easing inflation pressure.
- ▶ Bank Negara Malaysia raised the overnight policy rate once in Q4 2022, reaching 2.75% by end of 2022.
- ▶ Closed 2022 with positive foreign inflow into the Malaysia Equity Market (+RM4.38 billion as of 31 Dec 2022).



Outlook & strategy

- ▶ Global equity markets to remain volatile in 1H 2023. Looking to bottom fish on stocks which have fallen significantly in 2022 while adopting a defensive approach, focusing on attractively valued dividend-paying stocks with firm fundamentals.
- ▶ More positive on the outlook of bond market as global inflation showed signs of peaking and global growth set to slow. Current bond yield levels provide more sustainable income return.

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Be on the lookout

- ▶ US labour market and inflation level.
- ▶ China’s reopening and impact to global growth/inflation.
- ▶ Geopolitical development relating to US-Russia conflict and US-China tech war.



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[Q4 2022 Malaysia market review](#)

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